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AUTHOR	Thrift, Julianne Still; Toppe, Christopher M.
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ABSTRACT

Sources of funds for students at private colleges are assessed, along with major changes in student financial aid during 1979-1984, based on the Student Aid Recipient Data Bank of the National Institute of Independent Colleges and Universities. A random sample of actual student financial aid records was examined in order to show how aid is distributed among full-time undergraduates who are dependent on their parents, with attention to the contribution of students and their parents, federal and state aid, and aid from colleges and universities. Findings include: more than 1,200,000 students attending private colleges in 1983-1984 received one or more forms of federal aid; among federal aid recipients, the share of college expenses paid by students and their parents increased to 65.5% in 1983-1984; while more than 75% of all federal aid recipients received Pell grant aid in 1979-1980, by 1983-1984 the number declined to 43.7% of federal aid recipients; about half of all federal aid recipients attending private colleges also received state grants; and three of every five federal aid recipients who attend private colleges also receive grant aid from the college or university they attend. Data on the distribution of funding by type of institution is provided for Pell Grants, Supplemental Educational Opportunity Grants, College Work-Study funds, National Direct Student Loans, and Guaranteed Student Loans. (SW)

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PAYING FOR COLLEGE

Trends in Student Financial Aid at Independent Colleges and Universities

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The complete background information and a full technical appendix, *Paying for College: Detailed Findings*, is available for $25.00 from the same address.

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Foreword

Good public policy is made in an atmosphere where solid, lucid information is available. Data about the impact of student financial aid on students' ability to pay for college and about trends in the distribution of aid are critical to informed decisions.

The National Institute of Independent Colleges and Universities' Student Aid Recipient Data Bank is a key component of the policy process in higher education. During the drafting of the Higher Education Amendments of 1976, when the Congress needed detailed information about the impact of student aid on particular kinds of students attending various types of institutions, precise data were not available.

We applaud NIICU for responding to this need by developing the Student Aid Recipient Data Bank and for working with the public and proprietary sectors, and with the National Commission on Student Financial Assistance in more recent years, to provide data on the full range of students and institutions in American postsecondary education.

Our policies are better informed because of these fine efforts.

Sincerely,

Robert T. Stafford (R-VT)
Chairman, Subcommittee on Education, Arts, and the Humanities
United States Senate

William D. Ford (D-MI)
Chairman, Subcommittee on Postsecondary Education
U.S. House of Representatives

PAYING FOR COLLEGE

Trends in Student Financial Aid at Independent Colleges and Universities 1979-80, 1981-82 and 1983-84

HIGHLIGHTS

• More than 1,200,000 students attending independent colleges and universities in 1983-84 received one or more forms of federal student financial assistance—grants, loans, or subsidies for work. This represents 46.7 percent of all students in independent higher education and *70.0 percent* of all full-time, dependent, undergraduate students.

THE ROLE OF FAMILIES (STUDENTS AND THEIR PARENTS)

• Among undergraduate recipients of federal student assistance attending independent colleges and universities, the share of college expenses paid by students and their parents *expanded* from 53.0 percent in 1979-80 to 65.5 percent in 1983-84. In actual dollar terms, aid recipients and their families paid out an average of $5,705 in 1983-84 compared with $3,313 in 1979-80. This is an increase of $2,392 (72.2 percent) in just four years.

• The proportion of total student expenses covered by parental contributions increased from 20.3 percent in 1979-80 to 22.5 percent in 1983-84 ($1,270 in 1979-80 and $1,958 in 1983-84). While the part of all college expenses paid by parents was increasing, the proportion of expenses covered by grants dropped from 40.4 percent to 25.7 percent ($2,524 in 1979-80 to $2,242 in 1983-84).

FEDERAL ASSISTANCE

• Between 1979-80 and 1983-84, Pell grant funds awarded to students attending independent colleges and universities declined by 34.5 percent in constant dollars. During the same period, the independent sector's share of Pell grant funds declined from 30 percent to 25 percent and the public sector's share declined from 60 to 56 percent as the proprietary schools' share increased from 10 to 19 percent.

• In 1979-80, more than three-quarters of all federal aid recipients at independent colleges and universities received Pell grant assistance. By 1983-84, that number had declined to only 43.7 percent of federal aid recipients.

• Although the dollar amount of Supplemental Educational Opportunity Grants (SEOG) and College Work-Study (CW-S) funds going to students attending independent colleges increased marginally during the four years studied, the increases lagged behind the rate of inflation. Both the percentage of federal recipients receiving SEOG and CW-S and the purchasing power of these student aid awards actually declined.

• The percentage of federal aid recipients receiving SEOG dropped from 38.0 percent to 23.0 percent and the proportion receiving CW-S funds declined from 47.4 percent to 38.0 percent during the period of this study.

• Although the National Direct Student Loan (NDSL) program withstood Administration efforts to terminate federal capital contributions during the period of this study, new NDSL funds allocated to independent colleges and universities plummeted 39.1 percent in current dollars and 58.8 percent in constant dollars.

• The Guaranteed Student Loan (GSL) program is the only major federal student assistance program that grew at a rate keeping pace with inflation between 1979-80 and 1983-84.

• Because of the rapidly declining purchasing power of federal grant programs, reliance on loans increased dramatically over the four-year period. This trend among low-income students is most disturbing. The percentage of federal aid recipients from families earning less than $20,000 annually who rely on GSLs expanded from 23.7 percent in 1979-80 to 62.0 percent in 1983-84, and the average annual loan amount jumped from $1,589 to $2,265.

STATE ASSISTANCE

• Approximately half of all federal aid recipients attending independent colleges and universities also receive state grants. The proportion receiving state grants fluctuated from 51.6 percent in 1979-80 up to 53.3 percent in 1981-82 and back down to 46.0 percent in 1983-84.

ASSISTANCE FROM COLLEGES AND UNIVERSITIES

• Three of every five federal aid recipients who attend independent institutions also receive grant aid from the college or university they attend. The average institutional grant award rose from $1,273 in 1979-80 to $1,905 in 1983-84 (49.7 percent).

• In 1983-84 independent colleges and universities spent nearly $2 billion on student financial assistance. This is more than double the amount spent two years earlier.

Introduction

The National Institute of Independent Colleges and Universities (NIICU) developed the Student Aid Recipient Data Bank in order to provide college presidents, policy makers, and the general public with precise information about the distribution of student financial aid. In each of the four academic years (1978-79, 1979-80, 1981-82, and 1983-84) that the data have been collected, a random sample of actual student financial aid records was examined within a stratified random sample of all independent non-profit colleges and universities. This report describes trends between 1979-80 and 1983-84 and concentrates on how aid is distributed among full-time undergraduate students who are considered dependent on their parents and who receive one or more forms of federal assistance—grants, work subsidies, and/or loan subsidies and guarantees. Where possible, comparisons among the years are presented in constant 1978 dollars to control for the effects of inflation.

This report introduces a different way of viewing higher education financing. Rather than discussing all grants, loans, and work together, we focus on the sources of funding. Students and their families continue to finance the largest share of higher education expenses—through a combination of savings, current earnings, and borrowing. The other major sources that assist students and their families—the federal and state governments and the colleges and universities in the independent sector—are each examined. The role of the federal government in subsidizing work and loans for students to use as "self-help" is explained. (Tables showing aid by type are included at the end of the report to provide comparisons to previous NIICU reports.)

During the 1983-84 academic year, almost half (46.7 percent) of all students attending independent colleges and universities received one of more forms of federal aid. Of these 1,209,000 students, 1,036,000 were full-time and 31,000 were part-time undergraduate students. In addition, 128,000 full-time and 14,000 part-time graduate students also received one or more forms of federal aid.

Looking more closely at the proportion of students receiving federal assistance by academic level and enrollment status, we find that 59.5 percent of all undergraduates and 24.8 percent of all graduate students attending independent colleges and universities received one or more forms of federal aid. The

Note: In 1983-84, NIICU's survey of student aid recipients from student aid records included a national sample of 155 independent colleges and universities with enrollments of more than 500 students. A full, detailed report including a technical appendix is available by request from NIICU.

1 ENROLLMENT AND FEDERAL AID RECIPIENTS AT INDEPENDENT COLLEGES AND UNIVERSITIES, 1983-84

	All Students	Federal Recipients	Recipients as a % of All Students
Undergraduates			
Full-time	1,479,000	1,036,000	70.0%
Part-time	315,000	31,000	9.8
Total	1,793,000	1,067,000	59.5
Graduate Students			
Full-time	305,000	128,000	42.0
Part-time	267,000	14,000	5.2
Total	572,000	142,000	24.8
Grand Total	**2,589,000***	**1,209,000**	**46.7**

*Includes 224,000 unclassified students. Sums may not add due to rounding.

Source: Enrollment data from the National Center for Education Statistics, U.S. Department of Education. Recipient data from the NIICU Student Aid Recipient Data Bank.

proportion of all undergraduates receiving federal student assistance has remained stable during the period of this study—59.4 percent in 1979-80, 55.7 percent in 1981-82, and 59.5 percent in 1983-84.

Seventy percent of the full-time undergraduate students attending independent colleges and universities were assisted in some way by federal funds—in the form of direct grants, subsidized work, and/or subsidized or guaranteed loans. Almost one in ten (9.8 percent) of part-time undergraduates also received federal aid. Forty-two percent of all full-time graduate students and 5.2 percent of all part-time graduate students also received one or more forms of federal aid.

Seventy-eight percent of all federal aid recipients attending independent colleges and universities are dependent on their parents to meet some portion of their college expenses. By academic level, 84 percent of all undergraduate federal aid recipients and 34 percent of all graduate students receiving federal assistance are classified as "dependent."

Tables 1 and 2 present data on the enrollment levels and number of federal aid recipients in academic year 1983-84. Data are shown by registration level and data on dependent and independent students are shown separately.

Along with their parents, students also are paying a much larger share of their college expenses. The student's "self-help" includes income from summer employment, savings, work during the academic year, and loans. ***The average student's self-help increased by 83.4 percent*** between 1979-80 and 1983-84, from $2043 to $3747. This represents a growth almost doubling the rate of inflation during that period. Much of this increase is attributable to the dramatic rise in student reliance on borrowing, a phenomenon which is examined in detail later in this publication.

2 DISTRIBUTION OF FEDERAL AID RECIPIENTS BY REGISTRATION LEVEL AND DEPENDENCY STATUS

	Federal Recipients	% of All Recipients
Undergraduates		
Full-time	1,036,000	85.7%
Dependent	885,000	73.2
Independent	151,000	12.5
Part-time	31,000	2.6
Dependent	10,000	0.8
Independent	21,000	1.7
Total Undergraduates	1,067,000	88.3
Graduate Students		
Full-time	128,000	10.3
Dependent	47,000	3.9
Independent	81,000	6.7
Part-time	14,000	1.2
Dependent	1,000	0.1
Independent	13,000	1.1
Total Graduate Students	142,000	11.8
Grand Total	**1,209,000**	**100.0**

Source: NIICU Student Aid Recipient Data Bank.

The Role of Families

Students and their parents are paying an increasing share of the cost of attending independent colleges and universities. Between 1979-80 and 1983-84, the average family contribution toward paying the price of attending an independent college or university grew from $3,313 to $5,705 among the recipients of federal aid. As a portion of the total price, the contribution from family resources rose from 53.0 percent in 1979-80 to 62.3 percent in 1980-81 and to 65.5 percent in 1983-84. This rate of increase outpaced the rate of inflation during the period by 51 percent.[1] These findings are displayed in Table 3.

The growth in total family contributions reflects increases in both parental contributions from income and assets and student contributions from self-help sources (earnings and borrowings). In the four-year period covered by this analysis, the average amount paid by parents of student aid recipients expanded from $1,270 per year to $1,958 (an increase of 54.2 percent). During the first half of this period, the increases were less than the rate of inflation, but the increases between 1981-82 and 1983-84 were twice the rate of inflation.

In spite of the fact that many families move between income categories from year to year because of inflationary growth in incomes, the rate of increase appears even larger among low-income groups. For families with annual incomes of less than $20,000, the average parental contribution increased from $329 to $648 (97.0 percent) in the two-year period 1981-82 to 1983-84. This growth is almost six times the rate of inflation (17.1 percent) during that two-year period.

The fact that, even among families with relatively small incomes, there is a willingness to contribute sizable (and increasing) amounts towards their children's college expenses shows how families view their responsibilities for paying for college. In a poll commissioned by NIICU in late 1983, the Roper Organization interviewed parents of pre-college age children about their plans for financing their children's education. Two-thirds (66 percent) of the parents questioned named themselves as bearing the primary responsibility for financing their children's college education. An additional thirty percent viewed their role as secondary, and only one percent responded that they had "no responsibility." Table 4 shows these findings.

1. Inflation data come from the consumer price index for all urban consumers. Data for 1978, 1980, and 1982 are used to correspond with the data used for financial need assessment during the years studied. 1967 = 100, 1978 = 195.4, 1980 = 246.8, 1982 = 289.1.

3 FAMILY CONTRIBUTIONS 1979-80, 1981-82 and 1983-84

Family Income	Parental Contribution			Student Self-Help			Total Family Contribution		
	1979-80	1981-82	1983-84	1979-80	1981-82	1983-84	1979-80	1981-82	1983-84
Less than $10,000	$ 191	$ 164	$ 461	$1754	$2486	$3153	$1945	$2650	$3614
$10,000-$20,000	766	453	797	2022	3085	3795	2788	3538	4592
$20,000-$30,000	1856	1142	1619	2138	3070	3902	3994	4212	5521
$30,000-$40,000	3396	2302	2740	2460	3634	3887	5856	5936	6627
$40,000-$50,000	3878	3941	4415	2582	3744	3925	6460	7685	8340
More than $50,000	6120	7411	5808**	2468	3799	3946	8588	11210	9754
All Incomes Combined	1270	1398	1958	2043	3139	3747	3313	4537	5705

*Includes data for all full-time undergraduate dependent federal aid recipients.

**The apparent decline in the parental contribution for families with income more than $50,000 is a result of the dramatic change in the recipient base between 1981-82 and 1983-84. In 1981-82 all students, regardless of income, automatically were eligible for Guaranteed Student Loans (GSLs). In 1983-84, all students from families with incomes greater than $30,000 were required to demonstrate financial need in order to receive a GSL. Therefore, the base of recipients with family incomes greater then $50,000 contracted dramatically and their incomes were clustered closer to $50,000, and the average of their expected contributions dropped.

Source: NIICU Student Aid Recipient Data Bank.

4 RESPONSIBILITY FOR FINANCING COLLEGE EXPENSES

	Student's Parents	Student	State Government	Federal Government
Primary responsibility	66%	36%	6%	7%
Secondary responsibility	30	54	39	33
No responsibility	1	6	45	51
Don't know	3	3	10	9

Unfortunately, the *ability* of parents to pay falls far short of their willingness to assume that responsibility. The NIICU/Roper research showed that only half of the parents who plan to send their children to college actually have been able to begin saving for their children's educational expenses. Even among the half who have begun saving for this purpose, the average annual saving is only $517. This survey included all parents who plan to send their children to college, even those whose children clearly will not be eligible for aid. If the recent expansionary trend in required parental contributions continues, even the ability of well-intentioned parents cannot keep pace.

Shifts in Federal Student Aid

Ever since the enactment of the National Defense Education Act of 1958, the federal government has provided some financial assistance to students based on financial need. Until the mid-1960's, this need-based aid was generally in the form of loans. Throughout the remainder of the 1960s and 1970s, federal grant aid expanded dramatically and became an increasingly important part of federal student aid policy.

The first year examined in this analysis (academic year 1979-80) represents the high point of federal grant aid to students in the independent sector of higher education. Since that time, the availability of federal grant funds has diminished steadily and the relationship between grant aid and loan funds, especially for low-income students, has shifted dramatically.

The first year of this study was the initial year of implementation for the Middle Income Student Assistance Act (MISAA) of 1978. NIICU's 1980 study, *The Initial Impact of the Middle Income Student Assistance Act Upon Undergraduate Student Aid Recipients at Independent Colleges and Universities*, reported that the major impact of MISAA was "to distribute more equitably the responsibility for financing higher education among parents, students and society." The study also found that "expected parental contributions were reduced across all incomes," that "more grant aid, primarily Pell Grants, was provided to lower and middle income families," and that "loan burden was reduced" for students from lower-income groups.

Since 1979, all of these trends have been sharply reversed. Table 5 shows that, in spite of marginal overall increases in Pell grant funding between 1979-80 and 1981-82, the assistance going to students in the independent sector declined both in actual dollars and in relationship to the public and proprietary sectors. In 1979-80, the independent sector received 50.5 percent less than the public sector, but 209.3 percent more than proprietary schools. Four years later, in 1983-84, students attending independent colleges and universities received 56.5 percent less than the public sector, and only 30.1 percent more than the proprietary schools. The independent sector's position has deteriorated, not only in aggregate dollar terms, but also in relative terms when compared to both public and proprietary institutions.

The situation is more severe when the impact of inflation is considered. Measured in constant dollars, the Pell grant funds assisting students in the independent sector declined by 34.5 percent between 1979-80 and 1983-84. Only proprietary schools received in-

5 DISTRIBUTION OF PELL GRANT FUNDING BY INSTITUTIONAL CONTROL AND TYPE, 1979-80, 1981-82 and 1983-84

Type of Institution	1979–80 (FY 1979)		1981–82 (FY 1981)		1983–84 (FY 1983)	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Public	$ 1,420,595,872	60%	$ 1,366,900,853	59%	$ 1,580,482,722	56%
Four-year (or more)	1,009,418,362	43	936,731,410	41	1,063,612,075	38
Two-year (or less)	411,177,510	17	430,169,443	19	516,870,647	18
Independent	709,366,388	30	622,286,503	27	687,934,902	25
Four-year (or more)	638,972,717	27	565,709,722	24	616,385,413	22
Two-year (or less)	70,393,671	3	56,576,781	3	71,549,489	3
Proprietary	228,140,734	10	309,794,391	14	528,834,013	19
Total	**2,358,102,994**	**100**	**2,298,981,747**	**100**	**2,797,251,637**	**100**

Source: Office of Student Financial Assistance, U.S. Department of Education, *Institutional Agreement and Authorization Report*, various dates.

creases in Pell funds during this period after adjusting for inflation.

Table 6 shows that a different pattern exists in the smaller Supplemental Educational Opportunity Grants (SEOG) program. Funding of the SEOG program for students in the independent sector was relatively stable during the four-year period of 1979-80 through 1983-84, and the share of all SEOG funds going to the independent sector also was constant. Unfortunately, funding did not increase sufficiently to keep pace with the increasing number of eligible students, and relative to inflation the value of SEOG funds in the independent sector declined by 30.4 percent.

Table 7 shows how College Work-Study (CW-S) funds were distributed among institutions for 1979-80, 1981-82, and 1983-84. Both the level of funding and the share of funds going to the independent sector increased marginally in the four years examined. But during the first half of this period, because of the high inflation faced by colleges between 1979-80 and 1981-82, there was actually a 20.5 percent decline in purchasing power for students in the independent sector. Between 1981-82 and 1983-84, a $20 million increase in CW-S funds to students in the independent sector, combined with a declining inflation rate, provided a somewhat more stable environment for students seeking work opportunities. Still, even with the increase in funding and the cooling of inflation, the

6 DISTRIBUTION OF SEOG FUNDING BY INSTITUTIONAL CONTROL AND TYPE, 1979-80, 1981-82 and 1983-84

Type of Institution	1979–1980 (FY 1979)		1981–1982 (FY 1981)		1983–1984 (FY 1983)	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Public	$ 169,898,000	50%	$ 183,227,473	50%	$ 179,252,363	51%
Two-year	43,220,000	13	48,329,459	13	45,348,358	13
Four-year	126,678,000	37	134,898,014	37	133,904,005	38
Independent	138,782,000	41	146,347,380	40	142,916,587	40
Two-year	11,019,000	3	11,461,851	3	6,805,311	2
Four-year	127,763,000	38	134,885,529	37	136,111,276	38
Proprietary	29,740,000	9	37,415,227	10	30,825,784	9
Total	**338,420,000**	**100**	**366,990,080**	**100**	**352,994,734**	**100**

Source: Financial Management Section, Campus and State Grants Branch, Office of Student Financial Assistance, U.S. Department of Education.

7 DISTRIBUTION OF CW-S FUNDING BY INSTITUTIONAL CONTROL AND TYPE, 1979-80, 1981-82 and 1983-84

Type of Institution	1979–1980 (FY 1979)		1981–1982 (FY 1981)		1983–1984 (FY 1983)	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Public	$ 328,920,000	60%	$ 315,318,472	58%	$ 339,660,808	58%
Two-year	93,190,000	17	87,725,305	16	92,831,063	16
Four-year	235,730,000	43	227,593,167	42	246,829,745	42
Independent	209,522,000	38	210,297,115	38	230,043,105	40
Two-year	15,178,000	3	15,486,433	3	9,374,338	2
Four-year	194,344,000	35	194,810,682	35	220,668,767	38
Proprietary	8,580,000	2	20,382,935	4	14,339,015	2
Total	**547,022,000**	**100**	**545,998,522**	**100**	**584,042,928**	**100**

Source: Financial Management Section, Campus and State Grants Branch, Office of Student Financial Assistance, U.S. Department of Education.

8 DISTRIBUTION OF NDSL FUNDING BY INSTITUTIONAL CONTROL AND TYPE*, 1979-80, 1981-82 and 1983-84

Type of Institution	1979–1980 (FY 1979)		1981–1982 (FY 1981)		1983–1984 (FY 1983)	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Public	$ 137,827,000	45%	$ 77,190,393	42%	$ 72,736,387	42%
Two-year	9,941,000	3	7,859,121	4	8,798,418	5
Four-year	127,886,000	41	69,331,272	38	63,937,969	37
Independent	131,967,000	43	74,225,030	41	80,402,186	46
Two-year	6,492,000	2	3,511,135	2	3,227,320	2
Four-year	125,475,000	41	70,713,895	39	77,174,866	44
Proprietary	38,914,000	13	30,508,671	17	21,852,018	12
Total	**308,708,000**	**100**	**181,924,094**	**100**	**174,990,591**	**100**

*Federal Capital Contributions Only.

Source: Division of Policy and Program Development, Office of Student Financial Assistance, U.S. Department of Education.

constant-dollar funding of College Work-Study for students attending independent colleges and universities declined by 6.6 percent between 1981-82 and 1983-84, and overall, the CW-S funding declined by 10.1 percent in constant dollars.

Table 8 focuses on federal loan programs. The National Direct Student Loan (NDSL) program is the successor to the National Defense Student Loan program first authorized in 1958. The Reagan Administration has proposed abolition of federal contributions to the NDSL program, but the Congress has continued funding at greatly reduced levels. During the study period of 1979-80 through 1983-84, the amount of NDSL capital contributions to independent colleges and universities declined by 39.1 percent in current dollars and by 58.8 percent after adjusting for inflation.

The percentage of federal aid recipients receiving NDSL loans dropped from 50.1 percent in 1979-80 to 28.9 percent in 1983-84. By 1983-84, 63.0 percent of all NDSL recipients also were taking a GSL in order to meet college expenses.

Funding levels for the Guaranteed Student Loan (GSL) program are presented in Table 9. Data disaggregated by the type and control of institution are unavailable. Unlike each of the other four major federal student aid programs, the level of assistance available to students under the GSL program, measured by loan volume, increased at a rate greater than the rate of inflation. In spite of the continued and increased availability of GSL funds, 24.6 percent of all GSL recipients also assumed NDSL loans; this is thought to be attributable largely to the $2,500 maximum annual limit on GSL borrowing.

9 FUNDING FOR GUARANTEED STUDENT LOANS 1979-80, 1981-82 and 1983-84

Fiscal Year	Funding Level	Loan Volume
1979-80	$1,609,344,000	$4,839,874,000
1981-82	3,073,846,000	6,135,719,000
1983-84	2,256,500,000*	7,546,994,000

*Because of a drop in Treasury bill rates, which determine interest subsidies, approximately $900 million in FY 83 appropriations was not used and remained available for FY 84.

Source: Guaranteed Student Loan Branch, Office of Student Financial Assistance, U.S. Department of Education.

10 RECIPIENTS RECEIVING AID BY MAJOR SOURCE OF FUNDING, 1979-80, 1981-82 AND 1983-84

Source of Funds	% of Recipients Receiving Aid			Mean Dollar Amounts Per Recipient		
	1979-80	1981-82	1983-84	1979-80	1981-82	1983-84
Pell Grant	77.2%	67.4%	43.7%	$1,111	$ 959	$1,180
SEOG	38.0	35.3	23.0	719	768	833
NDSL	50.1	43.6	28.9	844	949	1,009
CWSP	47.4	53.4	38.0	856	977	1,138
GSL	22.1	50.1	73.6	1,466	2,115	2,256

Source: NIICU Student Aid Recipient Data Bank.

Table 10 provides summary trend data on all five major federal aid programs. The percentage of federal aid recipients awarded grant funds has declined throughout the period. In 1979-80, more than three-fourths (77.2 percent) of the federal aid recipients received a Pell grant. After a moderate decline between 1979-80 and 1981-82, the proportion plummeted to 43.7 percent in 1983-84. A similar, but somewhat less dramatic, drop in participation also occurred in the SEOG program. The number of SEOG recipients declined from 38.0 percent to 35.3 and then to 23.0 percent during the four-year period.

Similar declines occurred in the College Work-Study program and in the low-interest NDSL program. Only in the GSL program did the participation rates increase.[2] These trends show that the relative decline in federal grant aid brought many students into the GSL program, with resultant major increases in both levels of borrowing and levels of cost to the federal government. At the same time, a widening gap occurred between the combination of family contributions and grant aid on one hand and the total price of attendance on the other.

The increasing dependency on loans was most pronounced among low-income federal aid recipients. The percentage of federal aid recipients from families earning less than $20,000 per year who resorted to GSL borrowing increased from 23.7 percent in 1979-80 to 62.0 percent in 1983-84.

2. This increase is obvious in spite of the fact that the methodology used in the Student Aid Recipient Data Bank research tends to underestimate GSL usage. The effect of differential underreporting among the years examined in this report is addressed in the technical appendix.

The Impact of State Grants

As both the total amount and the net purchasing power of federal grants have declined, state student aid has taken on increasing importance. During the four-year period of this analysis, approximately half of all federal aid recipients attending independent colleges and universities also have received some form of state grants.

The availability, eligibility standards, and funding levels of these grant programs vary tremendously among the states. State grant aid can be in the form of an entitlement, or need-based, merit-based, campus-based, or even rehabilitation grants. Eligibility for these grants, in most states, is limited to students who attend a college in their home state.

Table 11 shows the percentage of federal aid recipients who also receive state grants and the average grant award per recipient. The divisions by parental income show that, even with the growing interest in merit scholarships, state grant programs continue to be income-sensitive. Additional analyses show that in 1983-84, more than half (55.4 percent) of all state grant funds went to students whose families earned less than $20,000. Another 38.9 percent went to students in the $20-40,000 income range, and only 5.7 percent of the available state grant funds were awarded to students from families with incomes greater than $40,000.

11 RECIPIENTS OF STATE GRANTS BY LEVEL OF PARENTAL INCOME,* 1979-80, 1981-82 AND 1983-84

Family Income	% Receiving State Grants			Mean Grant Amounts Per Recipient		
	1979-80	1981-82	1983-84	1979-80	1981-82	1983-84
Less than $10,000	55.2	64.3	62.0	$1545	$1408	$1839
$10–$20,000	61.2	60.7	60.0	1487	1339	1673
$20–$30,000	48.5	59.5	52.6	1388	1225	1477
$30–$40,000	28.5	41.3	40.4	1435	1109	1239
$40–$50,000	8.8	22.4	18.9	1206	842	1665
More than $50,000	13.0	11.6	11.4	1633	579	903
All Incomes Combined	**51.6**	**53.3**	**46.9**	**1473**	**1265**	**1573**

*Includes all full-time undergraduate dependent federal aid recipients.

Growth of the Institutional Role

Throughout the period of this study, student aid provided directly by independent colleges and universities has played an important role in the overall funding of educational expenses for students. This institutional aid takes the form of need-based grants, academic scholarship grants, other non-need-based grants such as athletic scholarships, college-sponsored work programs, fellowships, assistantships, institutional long-term loans, employee benefit discounts and waivers, and employee dependent discounts and waivers. This analysis focuses only on the grant aid provided to students by independent colleges and universities.

Approximately three out of every five federal aid recipients in the independent sector also receive assistance from the college or university they attend. The number receiving institutional aid increased from 59.7 percent in 1979-80, up to 65.0 percent in 1981-82, before falling back to 60.2 percent in the 1983-84 academic year.

The average institutional grant amount rose from $1,273 in 1979-80 to $1,456 in 1981-82, and to $1,905 in 1983-84. The increases in the first half of the period lagged behind the rate of inflation, but the sizable increase between 1981-82 and 1983-84 was large enough to offset the loss to inflation during the earlier period. Unlike federal grants, institutional grants increased more than inflation over the four-year period.

With the deterioration of benefits from the Pell grant program to students attending independent colleges and universities, the relative importance of these institutional grants has increased tremendously. In 1979-80, the average Pell grant was nearly equal to the amount of the average institutional grant, $1,111 and $1,273 respectively. By 1983-84, the average institutional grant ($1,905) was 61.4 percent larger than the average Pell award ($1,180).

Even though the growth of institutional grants could not completely offset the losses in federal grant aid, the relative stability of grant aid provided directly by colleges and universities has been tremendously important to student aid recipients in the independent sector during this volatile period.

Table 12 presents the increases in institutional aid in aggregate form. These data include all forms of institutional assistance to the federal undergraduate aid recipients discussed above, in addition to aid that colleges and universities award to graduate students and to students not receiving federal aid.

The data show that institutional aid more than doubled in the two-year period from 1981-82 to 1983-84. In 1983-84, independent colleges and universities awarded almost $2 billion dollars in institutional assistance. Even though non-need-based aid increased more rapidly than aid based on financial need, need-based aid still accounted for almost three times as much aid as non-need-based assistance.

12 INSTITUTIONAL AID TO STUDENTS ATTENDING INDEPENDENT COLLEGES AND UNIVERSITIES, 1981-82 and 1983-84

	1981-82	1983-84	% Increase
Family's AGI is $25,000 or Less			
Total	$503,357,000	$1,053,353,000	109.3%
Need	353,311,000	548,204,000	55.2
Non-Need	61,099,000	180,056,000	194.7
Other*	88,946,000	325,092,000	265.5
Family's AGI is More Than $25,000			
Total	$400,362,000	$ 861,560,000	115.2%
Need	267,887,000	438,902,000	63.8
Non-Need	73,370,000	161,347,000	119.9
Other*	59,105,000	261,311,000	342.1
All Family Incomes Combined			
Total	$903,718,000	$1,914,913,000	111.9%
Need	621,198,000	987,107,000	58.9
Non-Need	134,469,000	341,403,000	153.9
Other*	148,052,000	586,403,000	296.1

Data refer to undergraduate and graduate students. Sums may not add due to rounding.
*Includes fellowships, assistantships, employee and employee dependent tuition discounts and waivers.
Source: NIICU Student Aid Recipient Data Bank.

Student Aid Packaging

The major changes in student financial assistance during the period of this study were:

(1) the increased contributions made by students and their families;
(2) the decreased purchasing power of federal grants;
(3) the increased reliance on loan assistance to pay students' expenses; and
(4) the increased institutional aid.

Tables 13, 14, and 15 show the relative importance of these and other parts of student aid packages. These tables do not represent "typical" student aid packages, because no student receives small portions of assistance from every source. Rather, the averages presented give the reader a view of the changes in the overall levels of assistance for student aid recipients covered by this study.

Each of the tables includes data showing the average student expenses and the resources garnered to meet those expenses. During the four years examined in this study, total student expenses for recipients of federal student aid increased by 39.4 percent. This increase is slightly less than the cumulative rate of inflation during the period. Mirroring the tuition increases in the independent sector as a whole, the increases in student expense budgets were lower than inflation between 1979-80 and 1981-82, but slightly greater than inflation between 1981-82 and 1983-84.

As discussed earlier, parental contributions showed marked increases between 1979-80 and 1983-84, but the proportion of total expenses covered by these contributions increased only from 20.3 percent to 22.5 percent.

At this point, it is useful to remember the goals set forth in the Higher Education Amendments of 1980—the most recent time in history that the Congress has projected goals for student aid. The Congress called for 75 percent of all student expenses to be covered by a combination of parental contribution and grants.

Table 13 shows that, in the year before this goal was adopted, 60.7 percent of all student charges were paid by parental contributions and grants. Rather than achieving progress toward the goal in the ensuing four years, experience reflected in Tables 14 and 15 shows that the value of the grant aid plummeted from 40.4 percent to 31.4 percent to 25.7 percent. Because these decreases are so steep, even the substantial increases in parental contributions could not keep the goal of the Congress from receding farther away in 1983-84 than it had been when it was adopted in 1980.

Much of the gap created by the decreasing grants was filled by student self-help. The average income from student employment during the academic year increased from $417 to $542 during this period, but the share of total expenses covered by this work decreased marginally.

The more dramatic increase in student self-help resources is accounted for by a marked jump in the amount of loans. The loan average, including those federal aid recipients who have no loans in the calculation, increased from $755 in 1979-80 to $1,630 in 1981-82, to $1,695 in the final year examined. The proportion of total expenses covered by loans increased from 12.1 percent to 19.5 percent over the four-year period. When combined with work income and the expected student contribution, the total student self-help increased from $2,043 to $3,747 (includes all of line 8 and a portion of line 9 from Tables 13 and 15). This represents an increase almost double the rate of inflation over the period.

The balance of expenses, after all reported resources are considered, grew from $196 in 1979-80 to $704 in 1983-84, after a small decline in 1981-82. How this gap is filled is not clearly understood. Financial aid administrators report that many students find second jobs or live in crowded conditions to cut their actual expenses below their budgeted expenses. This gap between resources and expenses should be examined further in subsequent research.

13 FULL-TIME UNDERGRADUATE DEPENDENT FEDERAL AID RECIPIENTS AT INDEPENDENT COLLEGES AND UNIVERSITIES, 1979-80

STUDENT EXPENSES	Average Dollar Amounts	% of Total Student Expenses
Tuition and Fees	$ 3,714	59.4%
Room and Board	1,684	27.0
All Other Budgeted Expenses	850	13.6
Total Student Expenses	**6,248**	**100.0**
STUDENT RESOURCES		
GRANTS		
Need-based Grants		
Basic Grants (Pell)	$ 801	12.8%
Supplemental Grants (SEOG)	257	4.1
State Grants (Including SSIG)	715	11.4
Institutional Need-based Grants	579	9.3
Total/Need-based Grants	2,352	37.6
Non-need-based Grants		
State Merit-based Grants	17	0.3
Institutional Merit-based Grants	155	2.5
Total/Non-need-based Grants	172	2.8
Total/Grants	**2,524**	**40.4**
SELF-HELP		
Expected Parental Contributions	1,270	20.3
Student Employment		
College Work-Study (CW-S)	375	6.0
State/Institutional Work Programs	42	0.7
Total/Student Employment	417	6.7
Student Loans		
National Direct Student Loans (NDSL)	394	6.3
Guaranteed Student Loans (FISL/GSL)	349	5.6
Institutional Loans	12	0.2
Total/Student Loans	755	12.1
Expected Student Contributions	747	12.0
Total/Self-help	**3,189**	**51.0**
OTHER AID		
Aid From All Other Sources*	**339**	**5.4**
Total Student Resources	**6,052**	**96.9**
BALANCE (RESOURCES MINUS EXPENSES)	**$ −196**	**−3.1%**

*Includes $124 in loans and work income. Source: NIICU Student Aid Recipient Data Bank.

14 FULL-TIME UNDERGRADUATE DEPENDENT FEDERAL AID RECIPIENTS AT INDEPENDENT COLLEGES AND UNIVERSITIES, 1981-82

STUDENT EXPENSES	Average Dollar Amounts	% of Total Student Expenses
Tuition and Fees	$ 4,210	57.8%
Room and Board	1,955	26.9
All Other Budgeted Expenses	1,115	15.3
Total Student Expenses	**7,280**	**100.0**

STUDENT RESOURCES		
GRANTS		
Need-based Grants		
Basic Grants (Pell)	$ 542	7.4%
Supplemental Grants (SEOG)	230	3.2
State Grants (Including SSIG)	582	8.0
Institutional Need-based Grants	784	10.8
Total/Need-based Grants	2,138	29.4
Non-need-based Grants		
State Merit-based Grants	18	0.2%
Institutional Merit-based Grants	132	1.8
Total/Non-need-based Grants	150	2.0
Total/Grants	**2,288**	**31.4**
SELF-HELP		
Expected Parental Contributions	1,398	19.2
Student Employment		
College Work-Study (CW-S)	444	6.1
State/Institutional Work Programs	89	1.2
Total/Student Employment	533	7.3
Student Loans		
National Direct Student Loans (NDSL)	349	4.8
Guaranteed Student Loans (FISL/GSL)	1,269	17.4
Institutional Loans	12	0.2
Total/Student Loans	1,630	22.4
Expected Student Contributions	882	12.1
Total/Self-help	**4,443**	**61.0**
OTHER AID		
Aid From All Other Sources*	**406**	**5.6**
Total Student Resources	**7,137**	**98.0**

BALANCE (RESOURCES MINUS EXPENSES)	$ −143	−2.0%

*Includes $94 in loans and work income. Source: NIICU Student Aid Recipient Data Bank.

15 FULL-TIME UNDERGRADUATE DEPENDENT FEDERAL AID RECIPIENTS AT INDEPENDENT COLLEGES AND UNIVERSITIES, 1983-84

STUDENT EXPENSES	Average Dollar Amounts	% of Total Student Expenses
Tuition and Fees	$ 5,166	59.3%
Room and Board	2,253	25.9
All Other Budgeted Expenses	1,290	14.8
Total Student Expenses	**8,709**	**100.0**
STUDENT RESOURCES		
GRANTS		
Need-based Grants		
Basic Grants (Pell)	$ 438	5.0%
Supplemental Grants (SEOG)	161	1.9
State Grants (Including SSIG)	587	6.7
Institutional Need-based Grants	819	9.4
Total/Need-based Grants	2,005	23.0
Non-need-based Grants		
State Merit-based Grants	24	0.3
Institutional Merit-based Grants	110	1.3
Other Institutional Scholarships	103	1.2
Total/Non-need-based Grants	237	2.7
Total/Grants	**2,242**	**25.7**
SELF-HELP		
Expected Parental Contributions	1,958	22.5
Student Employment		
College Work-Study (CW-S)	363	4.2
State/Institutional Work Programs	179	2.1
Total/Student Employment	542	6.3
Student Loans		
National Direct Student Loans (NDSL)	245	2.8
Guaranteed Student Loans (FISL/GSL)	1,407	16.1
Institutional Loans	43	0.4
Total/Student Loans	1,695	19.5
Expected Student Contributions	1,018	11.7
Total/Self-help	**5,213**	**59.9**
OTHER AID		
Aid From All Other Sources*	**550**	**6.3**
Total Student Resources	**8,005**	**91.9**
BALANCE (RESOURCES MINUS EXPENSES)	**$ −704**	**−8.1%**

*Includes $492 in loans and work income. Source: NIICU Student Aid Recipient Data Bank.

Concluding Remarks

The trends presented in this paper raise at least as many questions and concerns as they answer:

- How much can families, especially low-income families, reasonably be expected to pay from their own resources to help meet college expenses before it becomes a prohibitive financial hardship?

- What is the impact of a large and growing loan repayment burden on students for ten to fifteen years after graduation?

- How long can independent colleges and universities increase their unfunded student aid awards without jeopardizing their own financial health and commitments to other areas of need within their institutions?

- What is the proper role of the federal government in assisting students to obtain a college education that is most appropriate to their individual needs and aspirations as well as the needs of American society?

Some of these issues will be addressed as the Higher Education Act is reauthorized. But mere numbers never can tell the whole story. Congressman William Ford, Chairman of the House Postsecondary Education Subcommittee, has said:

> The question that you have to help us answer is whether the American people will stand with us as they did in 1965, and as they did as recently as 1980 when we reauthorized all the programs, and say once again, "Yes, we are going to make another five-year commitment to the future of this country by an investment in its human capital, the students of our colleges and universities in this country."

These same sentiments are reflected by Senator Robert Stafford, Chairman of the Senate Education Subcommittee, who has said:

> I feel that a country that neglects the education of its youth is bound to fail in the future, and that the most important investment this nation can make in taxpayer dollars is in the education of our youth all the way from kindergarten through post-graduate collegiate-level study. So I think that higher education and independent colleges are extremely important.

Ideally, individual circumstances are not a barrier to access. Encouraged by various sponsorships, by generous donors, and by enlightened public policies, independent colleges and universities have worked to assure the availability of a standard of excellence to all who could profit from it. The choice still belongs to the student. Assuring that choice has become and must remain a fundamental tenet of our nation's public policies.

The National Institute of Independent Colleges and Universities